

Defense Cost and Resource Center



CSDR Focus Group

***Dr. Ron Lile
Director, DCARC
December 2005***

A collage of various military and defense-related images, including a satellite, a stealth bomber, a rocket launch, a helicopter, a tank, a ship, and a fighter jet. The collage is set against a blue background with a white diagonal line.

**The On-line
DoD Cost
Research
Library**

Enhancing DoD Cost Analysis

The Defense Cost and Resource Center
201 12th Street South, Suite 500
Arlington, Virginia 22202
Phone: 703.602.3301 Fax: 703.602.8944
<http://dcarc.pae.osd.mil>

Agenda Topics for Discussion

- ***New Focus Group***
 - ***Background***
 - ***Objectives & Approach***
- ***Current CSDR System Status***
 - ***CSDR Manual and CCDR/SRDR DIDs***
 - ***Process (including DAES assessments and budget withholds)***
 - ***Overview of DACIMS improvements in process***
- ***Stakeholder Issues***
- ***EVMS/CSDR Integration Study***
 - ***Background & Overview***
 - ***Plan & Approach***
 - ***Pros & Cons***
- ***Importance of Recurring/Nonrecurring cost classifications***
- ***Reinstituting the 1921-3 Plant-wide Report***
- ***Ideas for potential improvement:***
 - ***Combined RE/NRE/TOTAL on single DD Form 1921-1***
 - ***Streamlining the 1921-1 Part II (Progress Curve Reporting)***



Potential Integration of EVMS & CSDR

- ***Sponsor: USD (AT&L) Ken Krieg***
- ***Purpose: Explore potential of integrating these two systems***
- ***Our Plan:***
 - ***Meeting with Industry (visits and surveys)***
 - ***Meeting with Service Cost Centers (visits and surveys)***
 - ***Meeting with OSD CAIG (visits & surveys)***
 - ***Interfacing with approx. 32 MDAP programs across DoD (surveys)***
 - ***Program Management, Contracting, Cost Estimating***
 - ***Major Issues:***
 - ***RE/NRE cost classifications not in CPRs***
 - ***Lack of standard functional cost categories (Eng, Mfg, etc.) in CPRs***
 - ***WBS structures often dissimilar between EVMS and CSDRs***
 - ***WBS reporting level differences***
 - ***Centralized repository for data storage & retrieval***

Understand Stakeholder issues, seek consensus among parties, and evaluate merits of integration

Potential Integration of EVMS & CSDR

- **What this effort *IS*:**
 - **An attempt to leverage off the strengths of both systems**
 - **An attempt to make CSDR submission more systematic**
 - **Better data b/c it's used to manage the program**
 - **Easier to report than under current system for CSDRs (which involves significant manual effort)**
 - **An attempt to improve timeliness of performance data**

- **What this effort is NOT:**
 - **An attempt to get monthly CSDR reports**
 - **A means of validating CPRs similar to CSDRs**
 - **A means to change the EVM system fundamentals**

Policy Differences

Report	ACAT Level	Dollar Threshold	Contract Types
CCDR	1C/1D	mandatory if \geq \$50M (BY02\$);	All
		discretion of CWIPT if $>$ \$7M but $<$ \$50M (BY02\$)	
SRDR	1A/1C/1D	$>$ \$25m (BY02\$) for any SW dev. element	All
CPR	n/a	contracts \geq \$20M (TY\$) -> compliance w/ANSI 748, but no validation	Generally speaking, not FFP (unless business case made)
		contracts \geq \$50M (TY\$) -> compliance w/ANSI 748 w/formal validation	

- ACAT vs no ACAT
- Threshold value differences
- BY02\$ vs TY\$ (Plan to change CSDRs to TY\$)

- All Contract types vs non-FFP contracts

RE/NRE Classifications

- ***Definition exists—but not followed!***
- ***Should we define RE/NRE in the FAR or DFARS?***
- ***Government direction to industry compounds issue***
- ***Industry largely relying on manual effort to estimate RE/NRE split at top level***
- ***CAMs probably have more insight into RE/NRE than anyone else***

WBS Structures/Levels

- ***Business Process Change???***
 - ***Establish a post-award conference w/government and industry CWIPTs to finalize Contract reporting requirements***
 - ***RE/NRE definitions***
 - ***WBS***
 - ***CPR/CCDR/SRDR/IMS reports***

Data Storage & Retrieval

- ***How are CPRs stored?***
 - ***By Service Cost Centers?***
 - ***By System Commands (Product Centers)?***
- ***Would it be beneficial to store EVMS data centrally similar to the CSDR system?***
 - ***Available to all government stakeholders***
 - ***Time-lag after available to PMs***
 - ***Proprietary access issues resolved in CSDR system***

Reinstituting 1921-3?

- ***Indirect cost now comprises $\geq 50\%$ of total cost***
- ***APB and Budgets set at Milestone Reviews, yet FPRAs are dynamic***
- ***Forecasted Rates change, yet programs still measured against same APBs***
- ***No data available at Milestone Reviews to evaluate indirect costs!***
- ***Acquisition Reform deleted 1921-3 as of 12-31-99, in lieu of FPR data and basis of forecast***
- ***FPR data are not always received by DCARC or adequate for estimating***

Need data to analyze indirect costs!

Can we improve CSDR formats?

- ***Some recent suggestions include:***
 - ***Combining RE/NRE/TOTAL on single DD Form 1921-1***
 - ***Eliminating “Subcontractor Data” columns on DD Form 1921-1***
 - ***Streamlining the DIDs by focusing on specific instructions and eliminating policy and background info***
- ***Should we consider limiting frequency of CSDR DID changes to help establish reporting stability?***

Functional Cost Categories

- ***Are the current standard functional cost categories the right ones and do we need all of them?***
 - ***Engineering***
 - ***Manufacturing***
 - ***Tooling***
 - ***Quality Control***
 - ***Other***
- (Note: Must consider relationship to historical data)***
- ***Can this information be reported from the EVMS system?***